

BPA'S INTERPRETATION OF THE PUBLIC GENERATING POOL SLICE PROPOSAL

General

- Right to receive a percentage share of FCRPS capability, including actual energy generation (firm and secondary) and storage
- Right to modify the rate at which such energy is produced within hour, day, week, month, year, within the bounds of operational and non-power requirements
- Obligation to pay a corresponding percentage share of BPA costs, i.e., revenue requirement

Term

- 5-20 years
- 5 year purchase with no termination rights; longer term associated with more certainty on costs and operating changes (changes in resource capabilities)

Eligibility to Purchase

- Any Subscriber, subject to statutory priorities and preferences
- Use same rules as for other Subscription rights regarding phasing or sequencing, prorating reductions, recall, etc.
- Slices sold in early phases of Subscription would be to serve preference load and limited to net load (total retail load minus customer resources)
- Preference rights could be mapped to a percent of FELCC, yielding a Slice percentage; firm portion of Slice would count against preference eligibility
- If resources remain after early Subscription phases, then potentially more Slice purchases

Product Received

- Proportionate share of the capability of the FCRPS, including both primary and secondary energy
- Right to a share of the flexibilities of the FCRPS; BPA would have running computation of constraints that would limit purchaser's take
- Right (within the constraints) to schedule or to send a dynamic signal to BPA for delivery of the energy in real time (allowing use of Slice for automatic generation control or reserves)
- Proportionate share of the storage and shaping rights generally available to BPA, such as the ability to vary energy delivered during a day, or between days, weeks, or months within operating constraints
- Daily deviations of actual take from right to actual generation would be posted to storage account
- Storage account forced to be zeroed out when FCRPS reaches physical limits (storage is non-guaranteed)
- Hour-ahead changes in amount taken and within-hour ability to adjust signal
- No purchasing or marketing services
- No protection against required spill; but purchaser does not share in lack-of-market spill

Linkages

- Cannot be purchased in combination with Full Service or Declared Resource Products

Costs to Purchasers

- Percent share of FCRPS generation costs and PBL costs including:
 1. generation integration
 2. Treasury and WPPSS bonds
 3. residential/small farm exchange costs if they are a continuing federal system obligation
 4. all personnel and overhead costs for PBL (including marketing power, ratemaking, billing, contract administration)
 5. General Transfer Agreement costs
 6. Service and Exchange agreements
 7. long-term power purchases
 8. environmental investments (some conservation and renewable resource costs)
 9. stranded costs (same treatment as other Subscription purchasers)
 10. other public purposes
- Budget, investment, cost allocations, marketing decisions as normally done by BPA
- Costs excluded
 1. transmission costs (purchase “at the bus-bar”)
 2. short-term power purchases
 3. financial reserves
 4. spill caused by lack of market

Risks Purchasers Accept

- Unforeseen fish and wildlife costs, including changes in Biological opinion, drawdowns
- Unforeseen maintenance costs of the generation system
- Equipment replacements, betterments, and additions (other than resource acquisitions) including those for efficiency improvements and environmental purposes
- Within-year changes in operations
- No notice and termination rights for fish costs for term of contract (a preferred principle for application to all products; PGP’s intent is to bear same costs others would bear)
- All risks generally accepted in contracts by other requirements customers, except exposure to a cost recovery adjustment clause

Basis for Payment

- Based on a percentage share of a contractually determined embedded cost revenue requirement for a 5-year rate period, not including financial reserves or other risk adjustments
- Cost of product may vary through annual true-up mechanism, based on factors determined in advance of contract execution
- No credits from BPA's marketing revenues
- Annual true-ups for actual BPA cost overruns or underruns, or extraordinary costs of generating units ("acts of God")
- Possible different cost treatment for preference and non-preference Slice purchases, because of statutory rate directives

Resources Included/Excluded

- Includes FCRPS hydro and thermal committed prior to 1/97 (less Canadian Entitlement obligations)
- Includes long-term BPA power purchases committed prior to 1/97
- Includes public purpose resource acquisitions
- Excludes resources acquired for specific customers under other agreements
- Excludes short-term purchases
- May include long-term purchases committed after 12/96, by separate agreement?
- Unresolved whether purchases to firm nonfirm energy would or would not be included?

Transmission

- Not included; purchaser obtains own

Reserves

- Customer responsible for generation reserves to meet reliability standards

Scheduling and Accounting

- Use of flexibility rights accounted for daily in a "storage account"
- Scheduling and accounting provisions established by contract
- BPA may adjust the rate of power deliveries to reflect actual operating constraints on the FCRPS

Operations/Management Influence

- Federal agencies make decisions on non-power requirements and operations of the FCRPS
- Purchaser would have no authority in river management, investment, or other management decisions

Forecast and Data Needs (Draft of May 13, 1998)

- Constraints on Operation of the Slice
 1. Maximum rate of delivery (in MW) for either schedule or signal
 2. Minimum rate of delivery (in MW) for either schedule or signal
 3. Maximum daily HLH-energy deviation, for sustained peaking adjustment (in MWH)
 4. Maximum upward storage deviation (in MWH)
 5. Maximum downward storage deviation (in MWH)
 - items 1-3 apply in real time
 - items 4-5 apply on a daily basis (i.e., cumulative over 24 hours)
 - additional constraints would be expected on being “out of bounds” on the storage account: deadlines for getting “in bounds”
- Information Traditionally Available from BPA
 1. Means
 - Northwest Power Pool (NWPP)
 - Pacific Northwest Coordination Agreement (PNCA)
 - Columbia Basin telecommunications network
 2. Data
 - on a weekly basis, the 10-day and 30-day forecast of system generation
 - periodically, a matrix of forecasted energy above FELCC for remainder of OY
 - frequently: updates of scheduled preventive maintenance outages, for hydro, thermal, and transmission
 - as soon as available: anticipated operations and restrictions for fish, construction, or special events
- Forecasted Constraints and Data Supplied by BPA to the Slice Purchaser

Item	Within Day	Next Day	Next Week	Next Month	Rest of OY
1. Actual FCRPS generation (MWH)	after-the-fact each hour	x	x	x	x
2. Maximum rate of delivery (MW)	next hour	x	x	x	
3. Minimum rate of delivery (MW)	next hour	x	x	x	
4. Maximum daily HLH-energy deviation, for sustained peaking adjustment (MWH)	forecasted HLH generation for the day	x	x		
5. Maximum upward storage deviation (MWH)		x	x	x	
6. Maximum downward storage deviation (MWH)		x	x	x	
7. Expected storage content (MWH)		x	x	x	x

Dispute Resolution

- Note: Language redrafting in process.

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